

Message Text

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PAGE 01 BONN 11474 01 OF 02 211812Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 INR-10 NSAE-00 INRE-00 PM-05
SS-15 SSO-00 NSCE-00 SP-02 EB-08 COME-00 OC-06
CCO-00 FCC-01 OTPE-00 H-01 L-03 /064 W
-----013402 211848Z /45

O R 211747Z JUN 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC IMMEDIATE 9603
SECDEF WASHDC IMMEDIATE
INFO CINC USAFE RAMSTEIN
USCINCEUR VAIHINGEN GE
CINC USAREUR HEIDELBERG
CDR 5TH SIG COMD WORMS
OSD WASHDC
USMISSION USNATO
USNMR SHAPE
JCS WASHDC
DA WASHDC/DAMO TCS//

C O N F I D E N T I A L SECTION 01 OF 02 BONN 11474

SECDEF FOR DINNEEN

SECARMY FOR MULLALLY

OSD FOR AMB KOMER

EUCOM FOR ECLA

USAREUR FOR GEN. BLANCHARD

DA FO R DAO TCS

5TH SIG FOR BG RACKE

E.O. 11652: GDS
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TAGS: ETEL, MARR, GW
SUBJECT: ELIAS CONTINUES TO OPPOSE ETS MIX, WELCOMES
TECHNICAL MEETING

REF: (A) LABERGE/MEEHAN 6/19 TELECON,
(B) BONN 10670, DTG 101043ZJUNE 78

SUMMARY: ELIAS MAINTAINED HIS POSITION THAT U.S. AND FRG EQUIPMENT COULD NOT BE MIXED IN THE ETS, BUT WELCOMED A MEETING OF TECHNICAL EXPERTS TO DISCUSS THE BREAKDOWN OF THE FIGURES GIVEN TO HIM BY LABERGE, PARTICULARLY \$17 MILLION FOR U.S. COSTS. HE SAID THE FRG CABINET HAD INSTRUCTED HIM AND SCHNELL TO SOLVE THE ISSUE AND NOTED THAT HE HAD HEARD THAT PRESIDENT CARTER MIGHT RAISE THE ISSUE WITH THE CHANCELLOR. END SUMMARY.

1. ETS. ON JUNE 21 THE EMBASSY'S MINISTER-COUNSELOR FOR ECONOMIC AND COMMERCIAL AFFAIRS CALLED ON FRG STATE SECRETARY ELIAS OF THE FRG POSTAL MINISTRY (BUNDESPOSTMINISTERIUM - BPM) TO DISCUSS ELIAS REACTION TO THE COST SUMMARY CONTAINED IN UNDERSECRETARY LABERGE'S JUNE 7 LETTER TO HIM. ELIAS SAID THAT HIS BASIC POSITION GIVEN TO LABERGE AT THEIR JUNE 7 MEETING REMAINED FIRM, I.E., IT WAS NOT POSSIBLE TO MIX U.S. AND FRG EQUIPMENT IN ANY NEW ETS. HE REPEATED THAT THE U.S. HAD EVERY RIGHT TO SUPPLY ALL THE EQUIPMENT ITSELF, BUT AGAIN NOTED THAT THIS EQUIPMENT WOULD HAVE TO MEET FRG SPECIFICATIONS. ELIAS CLAIMED THAT, WITHIN THIS CONTEXT, HE WAS SURPRISED AT HOW LOW (\$17 MILLION) THE FIGURE IN THE COST SUMMARY WAS FOR U.S.-SUPPLIED EQUIPMENT, AND THAT THERE WERE OTHER MORE MINOR DISCREPANCIES IN THE COST SUMMARY FIGURES FOR GERMAN SUPPLIED EQUIPMENT.

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HE SAID HE WELCOMED A MEETING OF U.S. AND FRG EXPERTS AT THE WORKING LEVEL TO DISCUSS HOW THE U.S. ARRIVED AT THESE FIGURES. IF THE U.S. COULD SHOW THE BPM THE CALCULATIONS AND ACCURACY OF THESE FIGURES, PARTICULARLY THE \$17 MILLION, ELIAS WOULD GO BACK TO GERMAN SUPPLIERS AND QUESTION THEM AS TO THEIR HIGHER ESTIMATES. THE STATE SECRETARY EXPLAINED

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USNMR SHAPE

JCS WASHDC

DA WASHDC

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THAT HE AND SCHNEELL (FMOD STATE SECRETARY) HAD EXPECTED TO BE CONTACTED BY LABERGE AND HE WELCOMED THIS OPPORTUNITY FOR A WORKING GROUP TO MEET AND ANALYZE THE U.S. FIGURES.

2. ELIAS MENTIONED THAT AFTER DEFENSE MINISTER APEL RETURNED FROM THE NATO MEETING IN BRUSSELS, WHERE HE DISCUSSED THE ETS ISSUE WITH SECRETARY BROWN, THERE WAS AN FRG CABINET MEETING AT WHICH ELIAS AND SCHNEELL WERE CHARGED WITH FINDING A SOLUTION. ELIAS NOTED THAT THE ISSUE WAS NOW ENTWINED WITH AWACS AND THE TWO-WAY STREET CONCEPT, A SITUATION WHICH HE THOUGHT FAVORED FINDING A SOLUTION TO THE ETS ISSUE.
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HE SAID HE WAS WILLING TO DISCUSS PRICES WITH THE GERMAN FIRMS, EXPLORE THE POSSIBILITIES OF A LEASE/BUY SYSTEM OR EXAMINE ANY OTHER POSSIBILITIES TO FIND A SOLUTION; BUT HE WAS FIRMLY CONVINCED, AS AN ENGINEER AND FROM EXPERIENCE, THAT MIXING THE EQUIPMENT WOULD NOT WORK.

3. ELIAS STATED THAT HE HAD HEARD FROM "SOMEONE", THAT PRESIDENT CARTER MIGHT RAISE ETS WITH CHANCELLOR SCHMIDT DURING THEIR JULY BILATERAL MEETINGS. HE SAID THAT IF THIS WERE TRUE HE WOULD LIKE TO BE INFORMED

AS SOON AS POSSIBLE SINCE HE THEN MUST OBVIOUSLY BRIEF
THE CHANCELLOR.

4. RHEIN-MAIN PBX: THE STATE SECRETARY EXPLAINED THAT
THE BPM NEED ONLY EXAMINE 10 PERCENT OF THE EQUIPMENT
BEHIND THE MAIN FRAME IN ORDER TO PASS THE PBX FOR
INSPECTION. HE ALSO SAID HE WOULD DISCUSS WITH SIEMENS
THE POSSIBILITY OF HAVING THE FIRM SUPPLY THE U.S.
MILITARY WITH CLASS C SUBSCRIBER APPARATUS AT 45DM PER
PHONE, THE COST TO THE DBP.

5. ACTION REQUESTED: REQUEST WASHINGTON TO INFORM
EMBASSY IF TECHNICAL MEETING WITH FRG ON COST
SUMMARY DESIRED; IF SO, PLEASE PROVIDE LIST OF ATTENDEES
AND DESIRED DATE SO THAT WE MAY CONTACT BPM TECHNICAL
LEVELS TO ARRANGE MEETING.

STOESSEL

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Message Attributes

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TAGS: ETEL, MARR, GE
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